



News

Bureau of Land Management, Alaska State Office, Office of Communications
222 W. 7th Avenue #13, Anchorage AK 99513-7599
Tel: 907-271-5555 Fax: 907-271-5421

FOR IMMEDIATE RELEASE

Contact: Heather Feeney (202) 452-5125

News Release AK 05-26

Date: August 30, 2005

Energy Policy Legislation Affects BLM Cost Recovery Proposal

The recently enacted Energy Policy Act of 2005 has limited the Bureau of Land Management's authority to recover some of its costs from processing documents related to mineral operations on public lands. The bureau recently published proposed regulations that would implement fees to recover costs associated with oil, gas and geothermal leasing, including the processing of oil and gas Applications for Permits to Drill (APDs) Geothermal Permits to Drill (GPDs), geophysical exploration permits, other oil, gas and geothermal applications and applications relating to solid minerals and administration of mining claims. The proposed rule was published on July 19, 2005.

The Energy Policy Act requires deferral of fees for processing permits related to drilling for fluid minerals until a pilot project to improve the coordination of oil and gas permitting among federal agencies is completed. The BLM therefore will not include any provisions related to APDs and GPDs in the final cost recovery rule that it expects to issue later this year. Other fees relating to fluid minerals are not affected by the Energy Policy Act.

Proposed fees for geophysical exploration permits are not affected by the legislation and the BLM will proceed with the rulemaking after analysis of public comments on the proposed regulations. The new fee for this type of permit would be phased in over five years. A fee of \$500 for geophysical exploration permits would be implemented in the first year.

The act also does not affect the proposal to recover costs associated with processing applications related to coal, non-energy leasable minerals and mineral materials, or administering mining claims. In the proposed rule, fees for these applications were grouped in two categories. One, known as case-by-case fees, would cover BLM actions whose costs vary widely with each individual application. The other category, fixed fees, are predictable and would cover costs that are based on reliable data. In cases where the BLM cannot establish a reliable fixed fee, the proposed rule would require the calculation of a case-specific fee. The BLM is reviewing the comments received on the proposed rule and is preparing the final rule.

The BLM proposal to recover costs is in response to recommendations by the Interior Department's Office of the Inspector General, which found that the BLM needed to do more to recover its document-processing costs. The bureau estimates that once fully implemented, the agency will recover about \$2.8 million more annually in fixed fees for oil and gas, geothermal and solid minerals applications. The BLM will also collect additional fees on a case by case basis once the rule is fully implemented.

Section 365 of the Energy Policy Act directs the Secretary of the Interior to establish a Federal Permit Streamlining Pilot Project in cooperation with the Department of Agriculture, the Environmental Protection Agency and the U.S. Army Corps of Engineers. The Act further specifies that the BLM Field Offices in Rawlins and Buffalo, Wyoming; Miles City, Montana; Farmington and Carlsbad, New Mexico; Grand Junction/Glenwood Springs, Colorado; and Vernal, Utah be part of the pilot project.

A report to Congress on the pilot project is due in three years. In addition, the act establishes a special fund supporting pilot project operations through Fiscal Year 2015.

###